

## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



March 11, 2020

**Supplement 5414-G-B &  
Supplement 5414-G-C**

Ronald van der Leeden  
Director, Regulatory Affairs  
Southern California Gas  
555 W. Fifth Street, GT14D6  
Los Angeles, CA 90013-1011

**SUBJECT: Establishment of San Joaquin Valley Disadvantaged Communities Balancing  
Account Pursuant to D.18-12-015**

Dear Mr. van der Leeden:

Supplemental 5414-G-B and Supplemental 5414-G-C are effective as of February 6, 2020 per Resolution E-5055 per Ordering Paragraphs.

Sincerely,

A handwritten signature in cursive script that reads "Edward Randolph".

Edward Randolph  
Deputy Executive Director for Energy and Climate Policy/  
Director, Energy Division



Ronald van der Leeden  
Director  
Regulatory Affairs

555 W. Fifth Street, GT14D6  
Los Angeles, CA 90013-1011  
Tel: 213.244.2009  
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[RvanderLeeden@semprautilities.com](mailto:RvanderLeeden@semprautilities.com)

June 25, 2019

Advice No. 5414-B  
(U 904G)

Public Utilities Commission of the State of California

**Subject: Supplement - Establishment of San Joaquin Valley Disadvantaged Communities Balancing Account Pursuant to Decision (D.) 18-12-015**

Southern California Gas Company (SoCalGas) hereby requests California Public Utilities Commission (Commission) approval of modifications to its Preliminary Statement - Part V, Balancing Accounts, applicable throughout its service territory, as shown on Attachment A.

### **Purpose**

Pursuant to Energy Division's request on June 11, 2019, SoCalGas hereby submits a supplemental Advice Letter (AL) to its Establishment of San Joaquin Valley Disadvantaged Communities Balancing Account (SJVDACBA) Pursuant to Ordering Paragraph (OP) 24 of D.18-12-015.

This supplemental AL replaces AL 5414-A in its entirety, submitted on March 8, 2019, to establish SJVDACBA and provide an updated budget total and describe the type of expenses to be tracked in the SJVDACBA.

### **Background**

On December 19, 2018, the Commission issued D.18-12-015 approving the San Joaquin Valley Disadvantaged Communities (DACs) Pilot Projects. OP 24 of D.18-12-015 directed SoCalGas to submit a Tier 1 advice letter within 45 days of the issuance date of the decision to establish a one-way balancing account with two subaccounts: one subaccount will record the revenue requirement associated with all to-the-meter

(TTM) costs that will be recovered in transportation rates until the TTM costs are rolled into base rates in connection with SoCalGas' General Rate Case and the second subaccount will track beyond-the-meter (BTM), non-leveraged costs that will be recovered in Public Purpose Program (PPP) surcharge rates. Also, OP 29 of D.18-12-015 authorizes SoCalGas to recover its costs in the one-way balancing account authorized in OPs 23 and 24 associated with pilot project process evaluation study, contracting to support development of an economic feasibility framework, and Community Energy Navigator (CEN).

On January 11, 2019, SoCalGas submitted AL 5414 to establish the SJVDACBA. On March 8, 2019, SoCalGas submitted supplemental AL 5414-A in response to a request by the Public Advocates Office (CalPA) to provide a description of the cost-allocation methodology for SJVDACBA. On March 18, 2019, CalPA submitted its protest arguing that the Commission should require SoCalGas to allocate costs of the pilot projects across all customers classes using the equal cents per therm (ECPT) allocator instead of the equal percent of authorized margin methodology (EPAM). On March 25, 2019, SoCalGas submitted its response to the protest to explain why EPAM is the appropriate methodology. Pursuant to Energy Division's request to provide an updated budget total and description of the type of expenses to be tracked in the SJVDACBA, SoCalGas submits this second supplemental AL.

### **Authorized Budget and Expense Type**

Pursuant to D.18-12-015, SoCalGas proposes to establish the SJVDACBA. The SJVDACBA is an interest-bearing, one-way balancing account, to track the actual non-leveraged costs of the pilot project in California City against the authorized funding level of \$5,819,600<sup>1</sup> over a period of three years (2019-2021) as approved in the Decision. Non-leveraged costs of the pilot project include construction costs, project administration, consultants or vendors, appliances, appliance installation, bill protection, and Community Energy Navigator (CEN) costs.

The SJVDACBA consists of two subaccounts to separately record TTM and BTM costs associated with the DACs Pilot Projects approved by the Commission. The BTM Subaccount will also record the costs associated with a pilot project process evaluation, contracting to support development of an economic feasibility framework, and CEN cost sharing detail as provided for in D.18-12-015.

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<sup>1</sup> The authorized SoCalGas funding level consists of: \$5,016,800 for administering the gas pilot for California City, \$462,300 for CEN costs, \$112,000 for Bill Protection, \$62,500 for SoCalGas' share (25%) of Pilot Process Evaluation costs, and \$166,000 for SoCalGas' share (33%) of the Economic Feasibility Framework consultant costs.

**Rate Design and Cost Allocation Methodology**

Annual funding for the SJVDACs Pilot Projects TTM costs will become part of SoCalGas' transportation rate. Annual funding for SJVDACs TTM costs will be recovered from all customers using the following methodology:

1. The balance will be allocated to each of SoCalGas' customer classes (Residential, Core Commercial & Industrial, etc.) in gas transportation rates using the equal percent of authorized margin methodology (EPAM). This method allocates the balance in an account across customer classes based on each customer class' share of the total GRC base margin allocated to that customer class.
2. The transportation revenue requirement borne by each rate class will then be spread out across annual forecasted sales (therms), in order to determine the appropriate SJVDACs TTM related transportation charge for each rate classes.

Annual funding for SJVDACs Pilot Projects BTM costs will become part of the total non-CARE PPP revenue requirement. Annual funding will be recovered over a three-year period from all customers using the following methodology:

1. The balance will be allocated to each of SoCalGas' customer classes in PPP rates, excluding exempted classes (e.g., Enhanced Oil Refinery, Electric Generation and Wholesale) using EPAM.
2. PPP revenue requirement borne by each rate classes will then be spread out across annual forecasted sales (therms), in order to determine the appropriate SJVDACs, BTM related PPP charge for each rate classes.

**Protests**

Anyone may protest this AL to the Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. At the direction of the Energy Division, SoCalGas hereby requests a shortened protest period. Accordingly, any protests must be made in writing and must be received within 5 days of the date of this AL, which is June 30, 2019. The address for mailing or delivering a protest to the Commission is:

CPUC Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue  
San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the attention of the Energy Division Tariff Unit ([EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)). A copy of the protest shall also be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission:

Attn: Ray B. Ortiz  
Tariff Manager - GT14D6  
555 West Fifth Street  
Los Angeles, CA 90013-1011  
Facsimile No.: (213) 244-4957  
E-mail: [ROrtiz@semprautilities.com](mailto:ROrtiz@semprautilities.com)

### **Effective Date**

SoCalGas asserts this AL is subject to Energy Division disposition and should be classified as Tier 1 (effective pending disposition) pursuant to General Order (GO) 96-B. It is being submitted in compliance with OP 24 of D.18-12-015. Accordingly, SoCalGas respectfully requests that this AL be made effective for service on January 11, 2019, which is the effective date requested in AL 5414.

### **Notice**

A copy of this AL is being sent to SoCalGas' GO 96-B service list and the Commission's service list in R.15-03-010. Address change requests to the GO 96-B service list should be directed via e-mail to [tariffs@socalgas.com](mailto:tariffs@socalgas.com) or call 213-244-2837. For changes to all other service lists, please contact the Commission's Process Office at 415-703-2021 or via e-mail at [Process\\_Office@cpuc.ca.gov](mailto:Process_Office@cpuc.ca.gov).

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Ronald van der Leeden  
Director - Regulatory Affairs

Attachments



# ADVICE LETTER SUMMARY

## ENERGY UTILITY



MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.:

Utility type:

ELC       GAS       WATER  
 PLC       HEAT

Contact Person:

Phone #:  
E-mail:  
E-mail Disposition Notice to:

EXPLANATION OF UTILITY TYPE

ELC = Electric      GAS = Gas      WATER = Water  
PLC = Pipeline      HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #:

Tier Designation:

Subject of AL:

Keywords (choose from CPUC listing):

AL Type:  Monthly     Quarterly     Annual     One-Time     Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL:

Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested?  Yes     No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required?  Yes     No

Requested effective date:

No. of tariff sheets:

Estimated system annual revenue effect (%):

Estimated system average rate effect (%):

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected:

Service affected and changes proposed<sup>1</sup>:

Pending advice letters that revise the same tariff sheets:

<sup>1</sup>Discuss in AL if more space is needed.

**Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:**

CPUC, Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue  
San Francisco, CA 94102  
Email: [EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)

Name:  
Title:  
Utility Name:  
Address:  
City:  
State: Zip:  
Telephone (xxx) xxx-xxxx:  
Facsimile (xxx) xxx-xxxx:  
Email:

Name:  
Title:  
Utility Name:  
Address:  
City:  
State: Zip:  
Telephone (xxx) xxx-xxxx:  
Facsimile (xxx) xxx-xxxx:  
Email:

ATTACHMENT A  
Advice No. 5414-B

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 56418-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, DESCRIPTION AND LISTING OF BALANCING ACCOUNTS, Sheet 2	Revised 56230-G
Original 56419-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, SAN JOAQUIN VALLEY DISADVANTAGED COMMUNITIES, BALANCING ACCOUNT (SJV DACBA), Sheet 1	Original 55870-G Original 56061-G
Original 56420-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, SAN JOAQUIN VALLEY DISADVANTAGED COMMUNITIES, BALANCING ACCOUNT (SJV DACBA), Sheet 2	Original 55871-G Original 56062-G
Revised 56421-G Revised 56422-G	TABLE OF CONTENTS TABLE OF CONTENTS	Revised 56411-G Revised 56241-G



PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS  
DESCRIPTION AND LISTING OF BALANCING ACCOUNTS

Sheet 2

(Continued)

B. LISTING OF BALANCING ACCOUNTS (Continued)

Distributed Energy Resources Services Balancing Account (DERSBA)  
Storage Integrity Management Program Balancing Account (SIMPBA)  
Natural Gas Leak Abatement Program Balancing Account (NGLAPBA)  
Statewide Energy Efficiency Balancing Account (SWEEBA)  
Dairy Biomethane Project Memorandum Account (DBPBA)  
San Joaquin Valley Disadvantaged Communities Balancing Account (SJVDACBA)  
Safety Enhancement Expense Balancing Account – Phase 2 (SEEBA-P2)  
Safety Enhancement Capital Cost Balancing Account – Phase 2 (SECCBA-P2)

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(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 5414-B  
DECISION NO. 18-12-015

2H6

ISSUED BY

**Dan Skopec**  
Vice President  
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

SUBMITTED Jun 25, 2019  
EFFECTIVE Jan 11, 2019

RESOLUTION NO. \_\_\_\_\_

PRELIMINARY STATEMENT - PART V – BALANCING ACCOUNTS Sheet 1  
SAN JOAQUIN VALLEY DISADVANTAGED COMMUNITIES  
BALANCING ACCOUNT (SJVDACBA)

1. Purpose

The SJVDACBA is an interest-bearing account recorded on SoCalGas’ financial statements. Pursuant to Decision (D.) 18-12-015, “Decision Approving San Joaquin Valley Disadvantaged Communities (DACs) Pilot Projects,” the SJVDACBA will record the costs associated with the DACs Pilot Projects in two separate balancing accounts:

- To-the-Meter (TTM) Subaccount; and
- Beyond-the-Meter (BTM) Subaccount.

2. Applicability

The SJVDACBA shall apply to gas customers except those excluded by the Commission.

3. Rates

See Disposition Section.

4. Accounting Procedures – TTM Subaccount

SoCalGas maintains this account by making monthly entries, net of applicable FF&U, as follows:

- a) A debit entry to record the incremental O&M administrative costs associated with the approved DACs Pilot Projects;
- b) A debit entry to record the incremental TTM capital-related costs (depreciation, return, and income taxes) associated with the approved DACs Pilot Projects;
- c) A credit entry equal to the amortization in gas transportation rates as authorized by Commission; and
- d) An entry equal to interest on the average of the balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

(Continued)

(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 5414-B  
 DECISION NO. 18-12-015

ISSUED BY  
**Dan Skopec**  
 Vice President  
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)  
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PRELIMINARY STATEMENT - PART V – BALANCING ACCOUNTS  
SAN JOAQUIN VALLEY DISADVANTAGED COMMUNITIES  
BALANCING ACCOUNT (SJVDACBA)

Sheet 2

(Continued)

5. Accounting Procedures – BTM Subaccount

SoCalGas maintains this account by making monthly entries, net of applicable FF&U, as follows:

- a) A debit entry to record the incremental BTM, non-leveraged O&M costs associated with the approved DAC pilot projects;
- b) A debit entry to record costs associated with a pilot project process evaluation, contracting to support development of an economic feasibility framework, and for Community Energy Navigator (CEN) cost sharing detail as provided for in D.18-12-015;
- c) A credit entry equal to the recorded Public Purpose Program (PPP) gas surcharge billed for the month, net of actual bad debt write-offs;
- d) A debit entry equal to the PPP gas surcharge funds, net of any refunds to exempt customers, remitted to the State Board of Equalization (BOE) pursuant to Assembly Bill 1002;
- e) A debit entry equal to refunds to customers that are exempt from the surcharge under Section 896 of the Public Utilities Code and the California Energy Resources Surcharge Regulation Sections 2315 and 2316;
- f) A credit entry equal to the reimbursement of the gas surcharge funds, including actual interest earned in the Gas Consumption Surcharge Fund while the funds were in the possession of the State. The amount reimbursed excludes the funds retained by the BOE/Commission to offset their administration costs and any refunds paid by the BOE to customers that are exempt from the surcharge; and
- g) An entry equal to interest on the average of the balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

6. Disposition

The TTM Subaccount balance of the SJVDACBA will be included in SoCalGas’ annual regulatory account balance update submittal for gas transportation rates effective January 1st of the following year. The TTM balance will be allocated to each of SoCalGas’ customer classes (Residential, Core Commercial & Industrial, etc.) in gas transportation rates on an equal percent of authorized margin (EPAM) basis. The BTM Subaccount balance of the SJVDACBA will be included in SoCalGas’ annual PPP surcharge rate update submittal for rates effective January 1st of the following year. The BTM balance will be allocated to each of SoCalGas’ customer classes in PPP rates, excluding exempted classes (Enhanced Oil Refinery, Electric Generation and Wholesale) on an EPAM basis. Recovery of costs is limited to the allocated budget approved by the Commission, and any over-expenditures may not be recovered from ratepayers. Shareholders absorb the balance in the event that actual costs exceed authorized budget levels allocated to SoCalGas.

(Continued)

(TO BE INSERTED BY UTILITY)  
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The following listed sheets contain all effective Schedules of Rates and Rules affecting service and information relating thereto in effect on the date indicated thereon.

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